

1 Q. In its Application Newfoundland Power states (Section 1, page 1-8 and 1-9) *“The wholesale rate*
2 *will be re-designed as part of Hydro’s next general rate application. This is expected to include a*
3 *second block energy rate that will reflect the cost of energy exports, which is now considered the*
4 *marginal cost of energy. The marginal cost of energy exports is forecast to be in the range of 3 to*
5 *5¢ per kWh on an annual basis in 2025 and 2026.”* In the Additional Information filed by
6 Newfoundland Power with the Board on December 13, 2023, it is stated (Footnote 9) *“If Hydro’s*
7 *GRA continues to experience delays, Newfoundland Power believes that it may also be possible*
8 *for Hydro to file a separate filing to change the wholesale rate ahead of its next GRA.”*

9 a) Given the inefficiencies associated with the current wholesale rate which has a tail-block
10 energy charge of 18.165 cents/kWh compared to a marginal cost of 3 to 5 cents/kWh, why
11 did Hydro not submit a filing for a revised wholesale rate prior to submission of
12 Newfoundland Power’s 2025-26 GRA?

13 b) Does Hydro intend to make a separate filing for a revised wholesale rate prior to its next
14 GRA?

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17 A. a) Newfoundland and Labrador Hydro (“Hydro”) believes the best approach to updating base
18 rates is through a general rate application (“GRA”) as this would allow for a process where
19 the most up-to-date information and assumptions can be taken into account when setting
20 rates. To file its next GRA, Hydro requires the details of the Government of Newfoundland
21 and Labrador’s rate mitigation plan, which has not yet been finalized.

22 In 2023, Newfoundland Power Inc. (“Newfoundland Power”) and Hydro reviewed options
23 for changing the wholesale rate between Hydro’s test years based on assumptions and
24 options brought forward at the time; however, a viable option that would be suitable for
25 both parties was not identified. Hydro and Newfoundland Power have recently re-
26 established those discussions to address the possibility of updating the wholesale rate
27 structure in advance of Hydro’s next GRA in a manner suitable for both utilities and without
28 disadvantaging any customer class.

29 b) Please refer to Hydro’s response to PUB-NLH-001 of this proceeding.